

Message Text

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41

ACTION EB-07

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TAGS: BPRO, BTIO, EINV, EPAP, US, MZ

SUBJECT: GOVERNMENT OFFERS AMERICAN POULTRY FIRM MANAGEMENT CONTRACT

REF: MAPUTO 291

1. JOHN SMITH, LOCAL REPRESENTATIVE OF ARBOR ACRES, AMERICAN POULTRY COMPANY OPERATING IN NORTHERN MOZAMBIQUE, INFORMED EMBOFF MAY 17 THAT MOZAMBIQUE GOVERNMENT HAD ASKED HIS COMPANY ACCEPT MANAGEMENT CONTRACT WITH GOVERNMENT. OFFER WAS MADE MAY 15 BY MOZAMBIQUE MINISTER OF AGRICULTURE JOAQUIM DE CARVALHO TO VISITING ARBOR ACRES VICE PRESIDENT FOR INTERNATIONAL OPERATIONS FRANK BELLINGHAM.

2. ALTHOUGH SPECIFIC DETAILS HAVE NOT BEEN WORKED OUT, MINISTER CARVALHO ASKED ARBOR ACRES VICE PRESIDENT TO GO INTO PARTNERSHIP WITH GOVERNMENT TO MANAGE SOME RECENTLY NATIONALIZED AND ABANDONED POULTRY FARMS AND TO HELP EXPAND MOZAMBIQUE'S CHECKEN AND EGG PRODUCTION. MINISTER EXPLAINED THAT NEW ORGANIZATION UNDER ARBOR ACRES MANAGEMENT WOULD HAVE MONOPOLY IN LARGE-SCALE POULTRY OPERATIONS THROUGHOUT COUNTRY. GOVERNMENT GAVE COMPANY OPTION OF SIGNING LONG-TERM MANAGEMENT CONTRACT (WHICH WOULD INCLUDE PROGRAM TO TRAIN MOZAMBIICAN TECHNICIANS), OR OF TAKING MANAGEMENT CONTRACT AS WELL AS PUTTING SOME EQUITY CAPITWL INTO LARGER JOINTLY OWNED FIRM. SMITH SAID THAT BELLINGHAM AGREED IN PRINCIPLE TO COOPERATE WITH GOVERNMENT BUT DECLINED TO DECIDE WHICH OPTION TO ACCEPT UNTIL AFTER CONSULTING WITH HIS HOME OFFICE IN CONNECTICUT. DISCUSSIONS TO FINALIZE THE DEAL

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WILL START IN TWO OR THREE WEEKS TIME.

3. COMMENT: AS FAR AS WE AWARE, THIS IS FIRST OFFER BY GPRM TO AMERICAN FIRM TO INVEST IN OR MANAGE A BUSINESS IN MOZAMBIQUE. FACT THAT IT IS IN THE AREA OF AGRICULTURE IS ALSO SIGNIFICANT. SINCE INDEPENDENCE MOZAMBIQUE HAS SUFFERED FROM ENDEMIC SHORTAGE OF EGGS AND CHICKENS DUE TO MASS EXODUS OF PORTUGUESE FARMERS. IN RECENT WEEKS GOVERNMENT HAS BEEN TRYING TO COPE WITH PROBLEM OF FOOD SHORTAGES. GPRM'S EFFORTS TO ENLIST SERVICES OF ARBOR ACRES (WHICH HAS GOOD REPUTATION IN NORTHERN MOZAMBIQUE) TO HELP ALLEVIATE SOME OF THE SHORTAGES IS MOST RECENT EXAMPLE OF THIS.

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